G. R. S. IX-5]

Previous references.

Banking 9-12 & 1/82, B. March 13

1916.17

(S.F.)

File No. 40.16

Serial Nos. 20

Later references.

p. 18

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 20 a

Part B for October 1917.

SUBJECT.

Relation of Govt with Presidency Banks and entrusting treasury business and balance to State Banks.

[W.B. Files without any orders]

W D 88—GPB—50,000—24-7-16

M. Ramachandra Rao
8-11-1917.

1916. – 17

GENERAL AND REVENUE SECRETARIAT.

(G.7)

NOTES.

File No. 40

FILE HEADING.

Relation of Govt with Presidency Banks and entrusting Treasury business and balance to other Banks

From

The Comptroller to Government

No.	Dated	Received
5577/357	15-1-17	

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

Explains the relation of the Govt of India with the Presidency Banks and of the Mysore Govt with the Bank of Mysore, and states that the question of the transfer of a portion of the business of the Bangalore Dt Treasury to the Mysore Bank is under consideration and that a separate report will be made to Govt in the matter.

NOTES AND ORDERS.

R

An extract of Mr Datta's opinion re the transfer of a part of the Bangalore Dt Try work to the Bank of Mysore, is put up hereunto.

Subd 2. This case may be further worked up by Mr Ramaswami Iyengar. A copy of

MR

NOTES—First Sheet.

WD 1233—GPB—60,000—1-12-16—S.

2

G. R. S. III-2]

General and Revenue Secretariat. | G 7 File No. 20 of 1916

Serial No.

0

Memo. creating the Mysore Bank may be published - Information regarding the Exact relation of Govt. with the Presy banks should be obtained up and published - eg. Presidency banks act & other papers & books in the matter, which I have mentioned there -

3. Whether any response has been received to the Circular as framed in the last paragraph of his note may be stated.

4. What are the papers referred to in Mr. Datta's note re the transfer of City business to Madras Bank -

5. This case should be worked up with a fortnight -

18
24-3-1917.

Submitted

B 6. Similar to the action which Govt. may take in the Presidency Banks the happenings of such nature show supervision over the affairs of the Bank of Mysore.

Vide para 5 of the G. O. of the 12th March 1913

6_2 A weekly statement of affairs in a more comprehensive form than is

Exp. 0

NOTE—Contn. sheet.

ND 1283—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G 2 File No. 40 of 1916.

Serial No.

8

what is published in the Gazette for general information is being read by Govt. (Copy put up for ready reference.

63 - The proportion of cash to liabilities payable at call is being closely watched & it was never to low as 33 p.c in the Imperial Bank at any time. There is however no Principle understanding on the subject between the Imperial Bank & Govt - nor is it essential in view of the closer supervision that may be exercised & and across under the provisions of the G. o. of 12-3-13 constituting the Bank

64 The provision

NOTE—Contn. sheet.

ND 1283—GPB—60,000—1-12-16—S.

2886-16

G. R. S. III-2]

General and Revenue Secretariat. | G 2 File No. 40 of 191 6.

Serial No.

received by Govt of India of Victory Auditors under Section 47 of the Presidency Banks Act is perhaps unnecessary here seeing that a Govt Auditor Collaborates along with the Banks Auditors in the periodical audit of accts.

A copy of the Presidency Banks Act is sent up.

* read from Library 12/5 to-day

Mad 12/5 MR

2. The subject of placing a portion of Govt balances in the Mysore Bank as in the Madras Bk is under separate consideration. Cheques are being drawn as at present on the Bangalore Dt Trg as amalgamated with the Mysore Trg.

3. Since a further report is received from the Comptr suggesting transfer of a portion of Govt balances to the Mysore Bank is awaited no action in this file is necy. The papers will be needed if approved.

Mahey) 12/9.

MR 13/12 18/12/16

NOTE—Contn. sheet.

MR 5

Extract from Mr Dalton's note re Amalgamation of the State Huzur Treasury and the Bangalore District Treasury

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× × ×

For the reasons for which it has been considered undesirable in the past, to transfer a part of the treasury work to the Madras Bank, I think it will be undesirable to transfer the same to the Mysore Bank also. I am of opinion that it will not be possible for the Mysore Bank to do the work as cheaply as it is possible for Govt to do it at its own treasury and that Govt would not gain anything by the transfer. The Bangalore District Treasury cannot be abolished altogether, for there must be a treasury at Bangalore to compile the Taluk Treasury accounts, to pay pensions, to collect the surpluses of the taluks and other districts, to make remittances, to keep detailed accounts of Civil and Revenue deposits and of Savings Bank transactions, and to distribute the small coin &c. All that the Mysore Bank can do undertake to do is to pay Pre-audit cheques of the Comptroller and to carry on other transactions which are of the nature of payments of cheques of other departments. Thus a very small part of the work at present done in the Bangalore District Treasury and of that which it will be required to do on its amalgamation with the Huzur Treasury is capable of being transferred to the Mysore Bank. Even if a part of the work is ultimately transferred to the Mysore Bank such part will be comparatively small and Govt will find it indispensably necessary to maintain a District Treasury at Bangalore for the custody of balances larger than those maintained at the Huzur Treasury for the performance of quite a respectable amount of work.

× ×

Extract

Letter No.5577/357 dated 15th January 1917 from the Offg. Comptroller, Mysore Government to the Financial Secretary to Government, with reference to G.O. no. Fl.6883-9.7 32-11-26 & 24-5-1913

Flag Z

9. Relation of Government with Presidency Banks and entrusting treasury business and balance to other Banks.

(1) As the Presidency Banks enjoy the use of large Government balances, the Government of India exercises a close watch over their operation. (2) The Banks submit weekly statements and these are carefully scrutinised. (3) One of the points examined is if the proportion of cash to liabilities payable at call or within a short period is sufficient. That a Bank's reserve of cash should be proportionate to its liabilities is a sound banking principle of general application, but it is difficult to fix an invariable limit to be adhered to always whether trade is brisk or slow. In practice, however, it is considered that the minimum cash holding should be 33 per cent. of liabilities payable at call or within one month excluding Savings Bank deposits and fixed deposits not payable within one month of date of statement of liabilities. This is the lowest limit which the Government of India consider to be compatible with safety. If in special circumstances any temporary reduction of cash balances below this level becomes necessary, the Presidency Banks are required to report the fact to Government, explaining the reasons which have led to a depletion in the cash balances and the period for which such depletion is likely to last. This arrangement in regard to the minimum cash to be held and the report to be made to Government when it falls below the fixed proportion is not published and it is considered to be a private understanding between the Government and the Banks. The Mysore Bank sends to the Secretariat weekly statements which,

it is believed, are being scrutinised there. With a view to exercise control over the operations of the Banks, the Government of India have also reserved power to annul any particular election of auditors which may have been made by the Banks under section 47 of the Presidency Banks Act. The arrangement made with the Bank of Mysore provides for the audit of the Transactions of the Bank by an Auditor appointed by the Government itself.

64

Sir Edward Law as Finance Member favoured the transfer of treasury business even to Banks other than Presidency Banks provided they were considered sound institutions but no such transfer was actually made. The present policy of the Government of India is however not to hand over the treasury business or balance to Banks other than the Presidency Banks.

The question of the transfer of a portion of the ∮ business of the Bangalore District Treasury to the Bank of Mysore which occupies a position analogous to that of a Presidency Bank in British India is under consideration and a separate report will be made to Government on it.

ALL COMMUNICATIONS TO BE ADDRESSED
TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.
POST BOX No. 37.

The Bank of Mysore, Ltd.,

Bangalore, 23rd. April 1917.

No. S 8/153

Copied.

2603
1916-17
S.F.

To

The Financial Secretary
to the Government of Mysore,
Bangalore.

Dear Sir,

Enclosed we beg to hand you herewith our statement of affairs for the weeks ended 21st and 31st ult. and 5th inst., receipt of which please acknowledge.

Yours faithfully,

Manager.

Statement of Affairs o

FOR THE WEEK END

LIABILITIES.

Capital a/c.				10,00,000 0
Deposits Received:				
I.	(a)	Fixed	3247686 71	
	(b)	Prudential	745841 05	
	(c)	Mysore Government Concession	500000 0	
	(d)	Do 3% Permanent	500000 0	4322271
II.	(a)	Current	1082470 58	
	(b)	Savings Bank	188232	
	(c)	Cash Credits	1258913 6	
	(d)	Miscellaneous	934143	11232249 5
Reserve Fund:				
Reserve for depreciation on Investment				175000 0
				10570
Contingency Fund:				150000
Sundries:				1197341 1
			Rs	67658006 4

Percentage of cash on hand to total liabilities payable on demand 72 %

the Bank of Mysore, Ltd.,

G 5th April 1917

ASSETS.

Loans, Cash Credits and overdrafts issued on Government Securities:			
(a) to Directors and/or their firms		nil	
(b) to others		1978381 22	
Loans and overdrafts on other securities:			
(a) to Directors and/or their firms		1527231 49	
(b) to others		33234601 57	36740231 06
Cash Credits:			
(a) to Directors and/or their firms		362818 4	
(b) to others		17082732 11 1	17445554 35
Bills Discounted and Purchased:			
(a) to Directors and/or their firms		316868 -	
(b) to others		3432364 -	3749232 12 -
Balances at Agencies:			
(a) Channapatna			
(b) Chickmagalur			
(c) Davangere		1950 - -	
(d) Mysore			
(e) Shimoga			
(f) Tiptur		501 1 4	
(g) Tumkur		8601 9 3	
(h) Miscellaneous		912 - 5	11964 11 -
Investments in Government Securities:			9390111 3
Investments in other authorised securities:			- - -
d Stock:			2170810 7
ndries			342397 -
Cash:			
(a) on hand and at Agencies		3068123 7	
(b) with Bank of Madras, Bangalore		4885513 11	
(c) with other Bankers		329098 - 7	
(d) at the Government Treasuries		125719 2 6	
(e) Do Savings Bank			
(f) Do Short Call			8104854 7
		Rs	67658006 4

Accountant.

Manager.

Statement of Affairs of

FOR THE WEEK ENDI

LIABILITIES.

Capital a/c.										1	0	0	0	0	0	0	-	-
Deposits Received:																		
I.	(*a*)	Fixed					3	2	6	2	5	4	0	10	1			
	(*b*)	Prudential							7	6	4	7	0	3	-			
	(*c*)	Mysore Government Concession						5	0	0	0	0	0	-	-			
	(*d*)	Do		3% Permanent				5	0	0	0	0	0	-	-	4	3	3	9	0	1	0	13	
II.	(*a*)	Current					1	0	3	9	1	8	7	9	10									
	(*b*)	Savings Bank							2	0	1	6	2	7	-									
	(*c*)	Cash Credits								5	5	2	7	2	8									
	(*d*)	Miscellaneous							1	9	8	3	6	10	6	1	0	8	4	7	1	3	14	
Reserve Fund:																	1	7	5	0	0	0	-	-
Reserve for depreciation on Investment																		1	0	5	7	0	-	
Contingency Fund:																	1	5	0	0	0	0	-	-
Sundries:																	9	7	9	2	3	14		
																Rs	6	7	2	2	1	8	9	

Percentage of cash on hand to total liabilities payable on demand 85 %

the Bank of Mysore, Ltd.,

NG 31st March 1917.

ASSETS.

Loans, Cash Credits and overdrafts issued on Government Securities:							
(a) ~~to Directors~~ and/or ~~their firms~~							
(b) to others				Nil			
				1982727	10		
Loans and overdrafts on other securities:							
(a) to Directors and/or their firms				95327	12	11	
(b) to others				3266706	15	11	3560308 4 8
Cash Credits:							
(a) to Directors and/or their firms				31428	7	4	
(b) to others				1645150	11	4	1676579 2 8
Bills Discounted and Purchased:							
(a) to Directors and/or their firms				34686	8	-	
(b) to others				373499	-	-	408185 8 -
Balances at Agencies:							
(a) Channapatna							
(b) Chickmagalur							
(c) Davangere				99106	-	-	
(d) Mysore							
(e) Shimoga							
(f) Tiptur					-	-	
(g) Tumkur					8	-	
(h) Miscellaneous				8425	10	5	10753 8 5
Investments in Government Securities:							93901 11 3
Investments in other authorised securities:							- -
Dead Stock:							20343 15 5
Sundries							33805 4 -
Cash:							
(a) on hand and at Agencies				389147	9	4	
(b) with Bank of Madras, Bangalore				94221	4	7	
(c) with other Bankers				310690	3	11	
(d) at the Government Treasuries				124282	1	-	
(e) Do Savings Bank							918341 2 10
(f) Do Short Call							
			Rs				6722218 9 3

T. Subramaniam
Accountant.

Manager.

Statement of Affairs o

FOR THE WEEK EN

LIABILITIES.

Capital a/c.			10000000 -
Deposits Received:			
I. (a) Fixed	33092157 11		
(b) Prudential	7803139		
(c) Mysore Government Concession	5000000 -		
(d) Do 3% Permanent	5000000 -		43872461 5
II. (a) Current	9526051 9		
(b) Savings Bank	203300 -		
(c) Cash Credits	364522 -		
(d) Miscellaneous	7872132		98444533 -
Reserve Fund:			1750000 -
Reserve for depreciation on Investment.			
~~**Contingency Fund:**~~			105710 -
Sundries:			3554833
Contingency Fund.			150000 -
		Rs.	66078174 10 4

Percentage of cash on hand to total liabilities payable on demand 99 %

the Bank of Mysore, Ltd.,

ING 22nd March 191/.

ASSETS.

Loans, Cash Credits and overdrafts issued on Government Securities:

(a) to Directors and/or their firms — nil.
(b) to others — 19557 2 10 10

Loans and overdrafts on other securities:

(a) to Directors and/or their firms — 87635 13 7
(b) to others — 3178182 - - — 3461390 8 5

Cash Credits:

(a) to Directors and/or their firms — 199137 9
(b) to others — 1599668 5 7 — 1619581 13 4

Bills Discounted and Purchased:

(a) to Directors and/or their firms — 36286 8 .
(b) to others — 368951 - - — 405237 8 .

Balances at Agencies:

(a) Channapatna — 250 - -
(b) Chickmagalur
(c) Davangere
(d) Mysore
(e) Shimoga — 596 - -
(f) Tiptur — 8 -
(g) Tumkur
(h) Miscellaneous — 285 8 11 — 1132 . 11

Investments in Government Securities: — 9390111 3

Investments in other authorised securities: — 2032288

Dead Stock: — 3046189

Sundries

Cash:

(a) on hand and at Agencies — 334627 3 5
(b) with Bank of Madras, Bangalore — 408456 -
(c) with other Bankers — 450447 12 8
(d) at the Government Treasuries — 1498698 8 11 — 9757891 15 -
(e) Do Savings Bank
(f) Do Short Call

Rs 66078174 10 4

Accountant.

Manager.

D - 2836

ALL COMMUNICATIONS TO BE ADDRESSED
TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B† C. 5TH EDITION.
POST BOX No. 37.

No. 8/1/179

Copied.

The Bank of Mysore, Ltd.,

Bangalore, 16th May 1917

FIN. SEC. 18 MAY 1917

The Financial Secretary to the Govt. of Mysore,
Bangalore.

Dear Sir,

Enclosed, we beg to hand you our statement of affairs for the month ended 30th April 1917 the receipt of which please acknowledge.

Yours faithfully,

Manager.

the Bank of Mysore, Ltd.

NDING 30th April **1917.**

ASSETS.

Loans, Cash Credits and Overdrafts issued on Government Securities:						
(*a*) to Directors and/or their firms	Nil	—	—			
(*b*) to others	1.95.022	8	5			
Loans and Overdrafts on other securities:						
(*a*) to Directors and/or their firms	832191	2	4			
(*b*) to others	3351825	3	7	3630067	8	4
Cash Credits:						
(*a*) to Directors and/or their firms	34724	8	8			
(*b*) to others	1723166	8	5	1757891	1	1
Bills Discounted and Purchased:						
(*a*) to Directors and/or their firms	31900	—	—			
(*b*) to others	315212	15	8	347112	15	8
Balances at Agencies:						
(*a*) Channapatna	625	—	—			
(*b*) Chickmagalur	1286	14	6			
(*c*) Davangere	—	—	—			
(*d*) Mysore	—	—	—			
(*e*) ~~Shimoga~~ Tiptur	—	—	—			
(*f*) ~~Tiptur~~ Shimoga	—	—	—			
(*g*) Tumkur	230	—	—			
(*h*) Miscellaneous	—	—	—			
	1012	5	5	3157	3	11
Investments in Government Securities				102229	11	3
Investments in other authorised Securities				—	—	—
Head Stock:				22578	8	7
Sundries:				3839	2	3
Cash:						
(*a*) on hand and at Agencies	282935	7	3			
(*b*) with Bank of Madras, Bangalore	190657	4	1			
(*c*) with other Bankers	192493	5	7			
(*d*) at the Government Treasuries	150775	14	3			
(*e*) Do Savings Bank				816861	15	2
			Rs	6718287	2	8

Accountant.

Manager.

Statement of Affairs of

FOR THE WEEK

LIABILITIES.

Capital a/c.			1000000 - -
18 MAY 1917			
Reserve Fund:			17500 - -
Reserve for Depreciation on Investments			10570 - -
Contingency Fund:			15000 - -
Deposits Received:			
I. (*a*) Fixed	3275223 5 5		
(*b*) Prudential	75497 8 5		
(*c*) Mysore Government Concession	500000 - -		
(*d*) Do 3% Permanent	500000 - -		4350720 13 10
II. (*a*) Current	1003807 2 7		
(*b*) Savings Bank	17393 2 6		
(*c*) Cash Credits	7275 11 10		
(*d*) Miscellaneous	950414 7		1037980 15 6
Sundries:			129015 4 11
			6718287 2 3

Percentage of cash on hand to total liabilities payable on demand 79 %